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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte FREDERICK W. RYAN, JR.

Appeal 2009-004014
Application 09/777,592
Technology Center 3600

Decided: September 25, 2009

Before HUBERT C. LORIN, ANTON W. FETTING, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Frederick W. Ryan, Jr. (Appellant) seeks our review under 35 U.S.C. § 134 of the final rejection of claims 2, 4, 7, 9, 11, 14, 16, 18, and 22-24. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION

We REVERSE.¹

THE INVENTION

The invention is a mail piece verification system. Specification 4:21-23. The mail piece verification system compares reset data of postage metering systems with data collected from processed mail pieces. Specification 4:30-4:5.

Claim 2, reproduced below, is illustrative of the subject matter on appeal.

2. A mail piece verification system for processing mail pieces, the mail pieces having associated therewith respective mail piece data, the system comprising:
a data center in operative communication with a plurality of mail processing centers, the data center including a plurality of account files corresponding to a plurality of postage metering systems; the data center being adapted to store reset data in each of the plurality of account files representative of reset activity associated with the

¹ Our decision will make reference to the Appellant's Appeal Brief ("Br.," filed Apr. 21, 2009; corrected Apr. 29, 2009) and the Examiner's Answer ("Answer," mailed Jun. 12, 2008).

plurality of postage metering systems, respectively; receive respective mail piece data corresponding to the mail pieces from the plurality of mail processing centers; store empirical data in each of the plurality of account files representative of mailing activity associated with the plurality of postage metering systems, respectively; conduct a forensic accounting analysis of the empirical data and the reset data associated with a selected postage metering system using a previously defined time period over which to conduct the forensic accounting analysis; and download graphic data to the selected postage metering system to be included in the mail piece data of mail pieces subsequently prepared by the selected postage metering system if the forensic accounting analysis reveals that the empirical data is not consistent with the reset data for the selected postage metering system.

THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Connell	US 4,933,849	Jun. 12, 1990
Hunter	US 5,280,531	Jan. 18, 1994
Berson	US 5,819,239	Oct. 6, 1998
Kara	US 5,822,739	Oct. 13, 1998
Moore	US 5,917,925	Jun. 29, 1999
Fleming	US 5,953,710	Sep. 14, 1999

The following rejections are before us for review:

1. Claims 2, 4, 9, and 11 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hunter, Moore, and Connell.
2. Claims 7 and 14 are rejected under 35 U.S.C. §103(a) as being unpatentable over Moore, Connell, and Berson.
3. Claims 16 and 18 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hunter and Connell.
4. Claims 22 and 23 are rejected under 35 U.S.C. §103(a) as being unpatentable over Hunter, Moore, Connell, and Fleming.
5. Claim 24 is rejected under 35 U.S.C. §103(a) as being unpatentable over Hunter, Connell, and Fleming.

ARGUMENTS

The Examiner combined at least Hunter and Connell to reach the determination of obviousness for the claimed subject matter. Answer 18.

Hunter was relied upon as disclosing a data processing system that is adapted to “store empirical data in each of the plurality of account files representative of mailing activity associated with the plurality of postage metering systems, respectively; conduct a forensic accounting analysis of the empirical data and the reset data associated with a selected postage metering system using a previously defined time period over which to conduct the forensic accounting analysis; and [initiating a responsive action] if the forensic accounting analysis reveals that the empirical data is not consistent with the reset data for the selected postage metering system.” Claim 2. *See*

Answer 5. The Examiner cites Hunter's description of detecting postage indicia fraud by comparing purchased postage with used postage and then further investigation if a difference is found. Answer 21-23. The Examiner states that the "responsive action" in Hunter is "further investigation."

Answer 23.

Connell was relied upon for its disclosure of the responsive action being to "download graphic data to the selected postage metering system to be included in the mail piece data of mail pieces subsequently prepared by the selected postage metering system" Claim 2. *See Answer 7.* The Examiner cites Connell's description of detecting mail fraud by downloading, to postage meters, the address of a new authorized indicium that is printed on the mail after an effective date. Answer 24-26. The Examiner states:

[t]he use of such graphic data to identify postal fraud, as can be seen in the above passages from Connell et al. is a responsive action to the overall problem of postage indicium fraud. While the responsive action in Connell et al. is not a responsive action in the same specific and immediate way that the responsive action in Hunter is, the responsive action in Connell et al. is still a responsive action.

Answer 26.

According to the Examiner, combining Hunter and Connell would lead one to modify the data processing system of Hunter with the "responsive action" of Connell to adapted the system of Hunter to download graphic data to the selected postage metering system to be included in the mail piece data of mail pieces

subsequently prepared by the selected postage metering system if the forensic accounting analysis reveals that the empirical data is not consistent with the reset data for the selected postage metering system.

(Claim 2). *See Answer 7 and 18-29.* The Examiner concludes that the claims “only unite old elements with no change in their respective functions and which yield a predictable result.” Answer 29.

The Appellant does not dispute the Examiner’s understanding of the scope and content of the prior art. Rather, the Appellant argues that the Examiner has used impermissible hindsight to combine Hunter and Connell to arrive at the claimed invention and specifically the limitation “download graphic data to the selected postage metering system to be included in the mail piece data of mail pieces subsequently prepared by the selected postage metering system if the forensic accounting analysis reveals that the empirical data is not consistent with the reset data for the selected postage metering system” (claim 2).

[T]he system in Connell selects one of a plurality of stored indicia images based solely on the date that the indicia will be printed. There is nothing in Connell that discloses, teaches or suggests downloading graphic data to the postage metering system to be included in the mail piece data of mail pieces subsequently prepared by the postage metering system *if the forensic accounting analysis reveals that the empirical data is not consistent with the reset data for the postage metering system as in the present invention.* As noted above, the system in Connell changes the indicia images based solely on the date. The date has nothing whatsoever to do with whether or not a forensic accounting analysis reveals that the empirical data is not consistent with the reset data. The only disclosure, teaching or suggestion of such downloading graphic data to the postage metering system to be included in the mail piece data of mail pieces

subsequently prepared by the postage metering system if the forensic accounting analysis reveals that the empirical data is not consistent with the reset data for the postage metering system is provided in Applicant's own specification. Without using the present claims as a road map, it would not have been obvious to make the multiple, selective modifications needed to arrive at the claimed invention from these references.

Br. 9. Emphasis added.

ISSUES

The first issue is whether the Appellant has shown that the Examiner erred in finding that one of ordinary skill in the art would have been led by Hunter, Moore, and Connell to a system having a data center adapted to download graphic data as recited in claim 2 or a method including a step of downloading graphic data as recited in claim 9.

The second issue is whether the Appellant has shown that the Examiner erred in finding that one of ordinary skill in the art would have been led by Hunter and Connell to a method including a step of downloading graphic data as recited in claim 16.

FINDINGS OF FACT

We find that the following enumerated findings of fact (FF) are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

The scope and content of the prior art

1. We rely on the Examiner's factual findings. *See* Answer 3-29.

Any differences between the claimed subject matter and the prior art

2. We rely on the Examiner's factual findings. *See Answer 7.*

The level of skill in the art

3. Neither the Examiner nor the Appellant has addressed the level of ordinary skill in the pertinent art of mail piece verification systems. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'") ("[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error 'where the prior art itself reflects an appropriate level and a need for testimony is not shown'") (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985)).

Secondary considerations

4. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

Obviousness

Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been

obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

KSR Int'l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [Graham] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham* 383 U.S. at 17-18.

ANALYSIS

The rejection of claims 2, 4, 9, and 11 under §103(a) as being unpatentable over Hunter, Moore, and Connell.

We appreciate the Examiner’s extensive and articulate analysis, but find that the combined prior art would not lead one of ordinary skill in the art to the claimed system having a data center adapted to download graphic data to the selected postage metering system if forensic analysis reveals an inconsistency as recited in claim 2. “Obviousness can not be established by hindsight combination to produce the claimed invention,” *In re Dance*, 160 F.3d 1339, 1343 (Fed. Cir. 1998).

The Examiner concludes that the claims are obvious since the claims “only unite old elements with no change in their respective functions and which yield a predictable result.” Answer 29. The Supreme Court emphasized that, “the principles laid down in *Graham* reaffirmed the ‘functional approach’ of *Hotchkiss*, 11 How. 248.” *KSR*, 550 U.S. at 415. (citing *Graham*, 383 U.S. at 12 (emphasis added)), and reaffirmed principles based on its precedent that “[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield predictable results.” *KSR*, 550 U.S. at 416. The operative question in this “functional approach” is “whether the improvement is more than the predictable use of prior art elements according to their established functions.” *KSR*, 550 U.S. at 415.

However, we find that the combination of prior art elements proposed in the rejection is more than the predictable use of a prior art element according to its established function. The Examiner states, “. . . the responsive action in Connell et al. is not a responsive action in the same specific and immediate way that the responsive action in Hunter is . . .” Answer 26. We agree. While the overall invention in Connell may be directed to the prevention of postage indicia fraud, Connell describes the “responsive action” (*i.e.* the downloading of an address of a newly authorized indicia) relied upon by the Examiner functions to detect the postage indicia fraud. The Examiner’s “responsive action” of Connell is not a *response* to a detection of an occurrence of postage indicia fraud but is a means that functions *to detect* an occurrence of the fraud. Connell’s “responsive action” performs the same function as the Hunter’s description

of comparing purchased postage with used postage and not the further investigation of Hunter, as the Examiner seems to assert (*see* Answer 23). Further, Connell’s “responsive action” performs the same function as the claimed forensic analysis and not the claimed downloading of graphic data. Claim 2. We find that the Examiner has used hindsight in interpreting the Connell reference. Rejections based on § 103 must rest on a factual basis with these facts being interpreted without hindsight reconstruction of the invention from the prior art. The examiner may not, “resort to speculation, unfounded assumptions or hindsight reconstruction to supply deficiencies in its factual basis.” *In re Warner*, 379 F.2d 1011, 1017 (CCPA 1967), *cert. denied*, 389 U.S. 1057 (1968). We find that Examiner’s proposed combination is using the “responsive action” of Connell for more than its established function, as the function is described in Connell. Therefore, we find that the Appellant has shown the Examiner erred in rejecting claim 2.

We note that claim 9 is also an independent claim but recites a method instead of a system as in claim 2. However, claim 9 includes a step of downloading similar to the limitation of claim 2 at issue above. Claim 9.

Accordingly, we find that the Appellant has shown that the Examiner erred in rejecting claims 2 and 9, and claims 4 and 11, dependent thereon, under 35 U.S.C. §103(a) over Hunter, Moore and Collins.

The rejection of claims 7 and 14 under §103(a) as being unpatentable over Moore, Connell, and Berson.

These rejections are directed to claims dependent on claims 2 and 9, whose rejection we have reversed above. For the same reasons, we will not

sustain the rejections of claims 7 and 14 over the cited prior art. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) ("[D]ependent claims are nonobvious if the independent claims from which they depend are nonobvious.").

The rejection of claims 16 and 18 under §103(a) as being unpatentable over Hunter and Connell.

Independent claim 16 contains a limitation similar to the limitation at issue with respect to claim 2. The Appellant traverses the rejection of claim 16 for the same reasons used to traverse the rejection of claim 2. *See* App. Br. 13-15. For the same reasons as provided for claim 2, we find that the Appellant has shown that the Examiner erred in rejecting claim 16 and its dependent claim 18.

The rejection of claims 22 and 23 under §103(a) as being unpatentable over Hunter, Moore, Connell, and Fleming.

These rejections are directed to claims dependent on claims 2 and 9, whose rejection we have reversed above. For the same reasons, we will not sustain the rejections of claims 22 and 23 over the cited prior art. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) ("[D]ependent claims are nonobvious if the independent claims from which they depend are nonobvious.").

The rejection of claim 24 under §103(a) as being unpatentable over Hunter, Connell, and Fleming.

This rejection is directed to a claim dependent on claim 16, whose

rejection we have reversed above. For the same reasons, we will not sustain the rejection of claim 24 over the cited prior art. *Cf. In re Fritch*, 972 F.2d 1260, 1266 (Fed. Cir. 1992) ("[D]ependent claims are nonobvious if the independent claims from which they depend are nonobvious.").

CONCLUSION

We conclude that the Appellant has shown that the Examiner erred in rejecting:

claims 2, 4, 9, and 11 under 35 U.S.C. §103(a) as unpatentable over Hunter, Moore, and Connell;

claims 7 and 14 under 35 U.S.C. §103(a) as unpatentable over Moore, Connell, and Berson;

claims 16 and 18 under 35 U.S.C. §103(a) as unpatentable over Hunter and Connell;

claims 22 and 23 under 35 U.S.C. §103(a) as unpatentable over Hunter, Moore, Connell, and Fleming; and

claim 24 under 35 U.S.C. §103(a) as unpatentable over Hunter, Connell, and Fleming;

DECISION

The decision of the Examiner to reject claims 2, 4, 7, 9, 11, 14, 16, 18, and 22-24 is reversed.

REVERSED

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